



A Comparative Study on Customer Satisfaction of Commercial Banks and Co-Operative Banks

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ABSTRACT

Finance is the keystone of all the activities. Its role is crucial in the economic development of the country. Agriculture, Business, and Service Sectors, thus all sectors depend on financial services. In our country, National Banks, Private Banks, Foreign Banks, RRBs, and Co-operatives provide financial services. The banks' service and the customers' satisfaction affect the banks' growth. The study states that in a changing scenario, commercial banks provide good service to the customers and raise the interest rate, so their business can grow and cooperative banks adopt modern services, so they can serve at par with commercial banks and grow their business

1. INTRODUCTION

An efficient and good banking system plays an important role in augmenting economic growth. A well-functioning banking and financial system facilitates economic progress through the mobilization of resources from savers and investors. Banking is a vital component of an integrated economic system. It plays an important role in mobilizing the savings of the nation and also moving them to higher investment priorities along with making better use of available resources. Thus the banking system can be described as the kingpin of economic growth¹.

Banking in India is an important part of the service sector. This serves as the backbone of economic growth and prosperity. It is also contributing as an accelerator of all the activities. Similarly, it

may be noted that the government has also nationalized banks so that all sections of the society should be a part of the banking activities along with banking services becoming available to the people. Recently, after the implementation of the Jan Dhan Yojana, a large number of people from all walks of life are engaged in the banking business. Banks and banking activities are the most important part of everyone's life in this modern world. Both Commercial Banks and Cooperative Banks play a significant role in our nation's economic progress by providing good banking services in villages.

A definition of Commercial Banks entails, "Commercial Banks are those banks which are established under this act to perform a commercial function." The commercial banks pool together the savings of the community and arrange for their productive utilization. They supply the financial needs of modern businesses.² A commercial bank is a financial institution that makes finance available to users through its various sources. In the process of such arbitration, the commercial bank deploys the money collected from various sources with the main purpose of making profits for various assets along with administrative assistance. These banks have been established for the economic welfare of the people and to improve services provided to them along with making available loans to agriculture, industry, and commerce as well as provide banking services to the people of the country. It provides internal resources to the economies of developing countries. It raises diversified capital from different parts of the country through its own branches².

Co-operative banks are established based on the principle of cooperation and are institutions engaged in normal banking business. Raising capital through shares and receiving deposits and lending are some of the important activities. Co-operative banks are functioning in both urban and rural areas. Co-operative Banks are also credited with providing banking services to all sections of people in rural areas³.

2. Review of Literature

- i) Sujith T & Sumathy M (2019) in their paper examines customer satisfaction with the services of the primary agricultural credit society. This study was descriptive and based on secondary data. The study revealed that most of the customers were satisfied with the services of Cooperative Bank and have suggested to introduce innovative products and services to their customers.
- ii) Kulkarni & Sujith (2020) in their paper evaluate the customer satisfaction of Urban Cooperative Bank with regards to various aspects from Pune, Mumbai, and Nagpur Regions. This study is based on primary data and they used T-tests and percentages to analyze the

data. The study revealed that the expectations of customers from different regions differ from each other.

- iii) T. S. Kumar and Selvi V. (2020), in their paper, evaluate the customer satisfaction of IndusInd Bank. They stated that customer satisfaction is the key to success in today's competitive era. This study is based on both primary data and secondary data. They used Percentage Analysis, Descriptive Analysis, Mean Square Analysis, Chi-square Test, done through the One-way ANOVA. The study revealed that IndusInd Bank has been providing good services to their customers and that the customers too were satisfied.
- iv) Yunionita Indah et al., (2022) in their paper, determine the effect of information technology management on customer satisfaction. This study is based on primary data. They used multiple regression model, t-test, and F-test for data analysis. The study revealed that cloud service, e-learning, and service quality significantly affect customer satisfaction, while on the other hand the security banking system does not affect customer satisfaction.
- v) Gupta K. & Garg I. (2022) in their paper investigate the customer satisfaction of Central Cooperative Bank Kurukshetra. This study is based on primary data. Data were analyzed with the percentage. The study revealed that customers were satisfied with the general operation of the bank and the interest rate provided by the bank but were not satisfied with the processing fees charged by the bank.

3. Objectives of the Study

1. To study the demographic factor of Commercial Banks and Co-operative Banks.
2. To compare influencing factors on customer's satisfaction of Commercial Banks and Co-operative Banks.
3. To offer suggestions for improving the performance of Commercial Banks and Co-operative Banks.

4. Research Design

The research Design chosen is exploratory and descriptive as it will help explore the factors influencing the satisfaction of the customers.

5. Sample Size

The study surveyed 100 samples, who are all the customers visiting the banks. In all 50 respondents are the customers of the Commercial Banks and the other 50 are the customers of the Cooperative Banks.

The Sampling Design was decided such so as to compare the Customer Perception of both banks. The respondents were selected on the basis of convenience sampling.

6. Data Collection

This study is based on Primary Data. The necessary information has been collected through interview schedule and feedback was obtained.

7. Statistical Analysis

The collected data was summarized by Frequency, Percentage, Mean, and Standard Deviation. For the comparison between Commercial Bank and Cooperative Bank satisfaction levels Mann-Whitney Test was performed. Analysis was carried out through SPSS: 23 software and the level of significance in the present study is 5%.

8. Scope of the Study

The scope of the study is limited to Udupi District of Karnataka State.

9. Result and discussion

9.1 Demographic analysis of consumers based on employment

OCCUPATION OF THE CUSTOMER	COMMERCIAL BANK	PERCENTAGE	CO-OPERATIVE BANK	PERCENTAGE	TOTAL
FORMERS	19	38	24	48	43
BUSINESSMEN	16	32	13	26	29
SALARIED EMPLOYEE	14	28	12	24	26
OTHERS	2	4	1	2	3
	50		50		100
(ii) TYPES OF ACCOUNTS					
SAVINGS BANKS A/C	34	68	29	58	63
FIXED DEPOSIT A/C	8	16	12	24	20
BOTH	7	14	7	14	14
OTHER	1	2	2	4	3
	50		50		100

(Source: Primary Data)

The above table indicates the occupation of the customers wherein out of a total 100 customers, 43 are farmers with 19 being customers of commercial bank and 24 of cooperative banks. Among customers, 29 are businessmen of which 16 are commercial bank customers and 13 are co-operative bank customers. Among salaried employee customers, 14 are commercial bank customers and 12 are co-operative bank customers. Only three of them are from other occupations, of which two are commercial bank customers and one is a co-operative bank customer.

The table above gives us the inference that the majority of customers are farmers followed by businessmen and salaried employees. There are few customers who are from other occupations as well.

In Table (ii), it has been mentioned which bank account the customers have, and has been pointed out that of the 50 customers of commercial banks, 34 customers have SB A/C, 8 customers have FD A/C, 7 have both types of account, while one has a different type of account. Similarly, 29 customers of cooperative bank have SB A/C, 12 customers have FD A/C, 7 customers have both types of account and two customers have other type of account. A commercial bank has more SB account holders than a co-operative bank whereas a co-operative bank has more customers with FD A/C than a commercial bank. The reason is that the cooperative banks are offering higher interest rates.

9.2. Analysis of availing of loans by customers

LOAN TAKEN OR NOT	COMMERCIAL BANK	PERCENTAGE	CO-OPERATIVE BANK	PERCENTAGE	TOTAL
YES	28	56	32	64	60
NO	22	44	18	36	40
	50		50		100

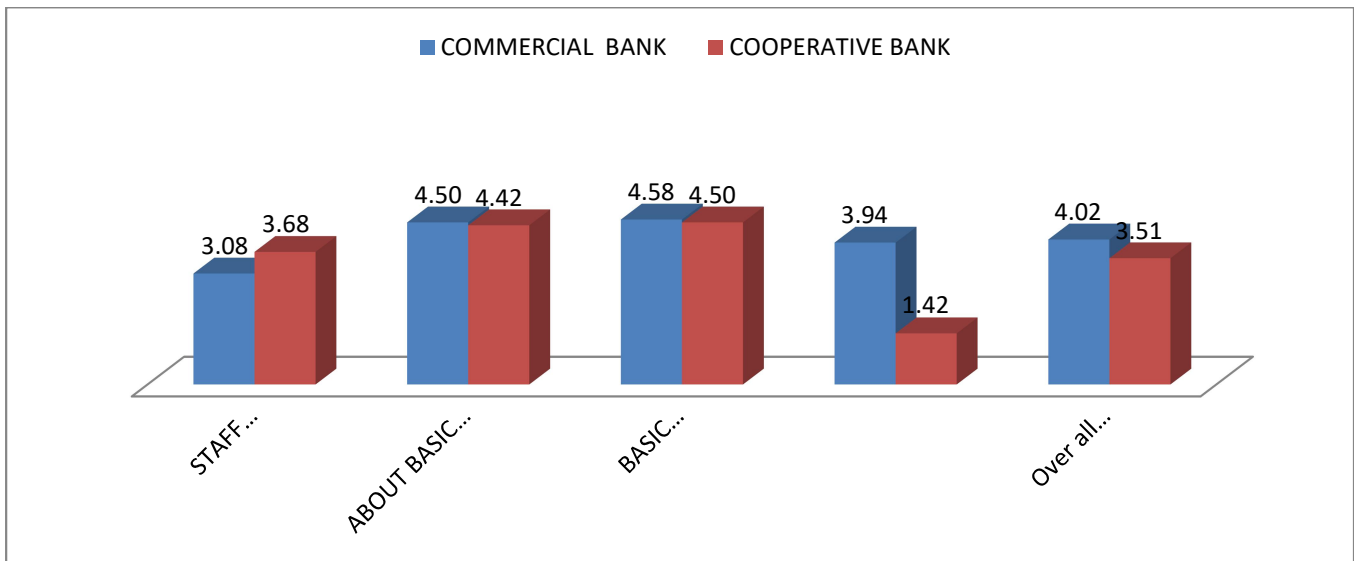
The above table indicates that most of the customers of the cooperative bank have taken loans. It can be seen that customers of commercial banks who had availed loans were lower than those at cooperative banks. This is mainly because the cooperative banks are doing business in rural areas as well.

9.3 Assessment of satisfaction

Satisfaction of the customer between commercial bank and co-operative bank was measured by four components i.e satisfaction regarding staff interaction, basic infrastructure, basic banking services such as cheque book, NEFT, RTGS services and modern banking services such as ATM, mobile banking ect., the Hypothesis is tested and the analysis is given in Table no. 4.

Table 9.3: Assessment of Satisfaction

ELEMENTS	BANK	H D (1)	D (2)	NEU TRAL (3)	S(4)	HS(5)	TOT AL	Mea n	S.D	Med ian	Mannwhitn ey test Z value	p value	
STAFF INTERACT WITH CUSTOMER	COMMERCIAL BANK	3	13	18	9	7	50	3.08	1.12	3	2.739	0.006	H S
	COOPERATIVE BANK	1	6	13	18	12	50	3.68	1.04	4			
ABOUT BASIC INFRASTRU CTURE	COMMERCIAL BANK	0	1	5	12	32	50	4.5	0.76	5	0.337	0.736	N S
	COOPERATIVE BANK	0	2	6	11	31	50	4.42	0.86	5			
BASIC SERVIES SUCH AS CHEQUE BOOK, NEFT,RTGS SERVICE	COMMERCIAL BANK	0	2	3	9	36	50	4.58	0.78	5	0.32	0.749	N S
	COOPERATIVE BANK	0	3	4	8	35	50	4.5	0.89	5			
MODERN SERVICES ATM,MOBIL E BANKING, SMS BANKING Ect	COMMERCIAL BANK	1	3	8	24	14	50	3.94	0.93	4	8.047	0	H S
	COOPERATIVE BANK	36	10	2	1	1	50	1.42	0.84	1			
Overall satisfaction	COMMERCIAL BANK							4.03	0.91	4	2.856	0.005	H S
	COOPERATIVE BANK							3.51	0.90	3			



Regarding staff interaction with customer 14% of responded highly satisfied, 18% of responded were satisfied in Commercial bank, 24% of responded highly satisfied and 18% of responded were satisfied in Cooperative Bank and test shows that there is high significance difference between Commercial Bank and Cooperative Bank with respect to satisfaction regarding staff interact with customer. ($p=0.006$ which is less than 0.01), shows that Cooperative Bank customers are more satisfied (3.68, ± 1.04) compared to commercial Bank (3.08, ± 1.12)

Satisfaction towards basic infrastructure shows that 64% of responded highly satisfied, 24% of responded were satisfied in Commercial bank, 62% of responded highly satisfied and 22% of responded were satisfied in Cooperative Bank and test shows that there is no significance difference ($p=0.736$ which is greater than 0.05) between Commercial Bank (4.50, ± 0.76) and Cooperative Bank (4.42, ± 0.86).

Satisfaction regarding basic services shows that 72% of responded highly satisfied, 18% of responded were satisfied in Commercial bank, 70% of responded highly satisfied and 16% of responded were satisfied in Cooperative Bank and test shows that there is no significance difference ($p=0.749$ which is greater than 0.05) between Commercial Bank (4.58, ± 0.78) and Cooperative Bank (4.50, ± 0.89).

About modern services 28% of responded highly satisfied, 48% of responded were satisfied in commercial Bank, where as only 2% of responded highly satisfied and 2 % of responded were satisfied in cooperative Bank. There is high significance difference between Commercial Bank (3.94, ± 0.93) and Cooperative Bank (1.42, ± 0.84) with respect to satisfaction of modern services.

Overall there is significance difference between Commercial Bank (4.58, ± 0.78) and Cooperative Bank (4.58, ± 0.78) with respect to satisfaction ($p=0.005$ which is less than 0.01). So the Hypothesis there is significance difference between Commercial Bank and Cooperative Bank with respect to satisfaction level is rejected.

10. Findings

1. In a confined sample population the beneficiaries of commercial banks and cooperative banks were found to be engaged in agricultural activity.
2. Commercial banks and cooperative banks have relatively same percentage of accounts.
3. It has been found from the study customers of cooperative banks have availed loans in large numbers than customers of commercial banks.
4. It is revealed that the staff of co-operative banks assist to carry out banking transactions smoothly.
5. Commercial banks and cooperative banks both have good infrastructure and are providing basic services but cooperative banks have failed to provide modern banking services.

11. Suggestions

1. Housewives and students can be involved in banking business through organisation of special campaigns.
2. Business can further flourish when the staff of commercial banks learns the local language and serve the customers well.
3. Commercial banks offer fixed deposits at a lower rate of interest than cooperative banks and if this is increased, the commercial banks can collect better deposits.
4. Co-operative banks should take steps to provide modern services such as ATM Service, Mobile Banking Service, and Internet Banking Service.

12. Conclusion

Commercial banks and cooperative banks play a very important role in the economic development of the country. The main objective of this study is to know the customer's satisfaction about commercial banks that works on profit motive with good banking service and cooperative banks that operates under the

principle of cooperation with service motive. Modern banking services are being provided by commercial banks with state-of-the-art technologies which are providing better service to customers. However, if the local people get services in their mother tongue, it will be easier for them to manage their business and it will also be possible to collect more fixed deposits if the commercial banks increase interest rates. Similarly in rural areas, especially including the farmers, the cooperative banks are providing good banking services to all sections of the people. However, the focus has to be on the adoption of new technology.

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